

AR32

file
GREAT WEST STEEL INDUSTRIES LTD.

NEWS RELEASE

CONTACT: Bill Allen
(604) 682-3101


Sept. 22, 1971

VANCOUVER -- Great West Steel Industries Ltd. today reported in its first interim statement as a public company sales of \$8,373,000 and net earnings of \$247,000 in the first six months of 1971.

The company said in a report to shareholders that net earnings represent 21.5 cents per share on the basis of the average number of shares outstanding during the period or 17.1 cents per share on the present number of shares outstanding.

Great West Steel, a Vancouver-based company which operates eight plants employing some 600 persons in Western Canada, became a public company earlier this year. Shares of the corporation are listed on the industrial boards of the Toronto and Vancouver stock exchanges.

Kenneth G. Heffel, president of the company, said Great West Steel's sales and earnings for the first half of the year were in line with budget forecasts. He noted that the second half of the year traditionally produces greater sales and increased earnings because of seasonal influences on the construction and natural resource industries.



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He also said in a statement that compared with the same period of 1970 sales advanced 15 per cent, earnings from operations by 34 per cent and net earnings by 11 per cent despite an almost doubling in depreciation and financial expenses.

The report to shareholders also noted that Great West Steel had entered into an agreement to purchase Birtley Engineering Limited from The Birmingham Small Arms Company Limited (BSA). Birtley, a company based in England with operations in Western Canada and Australia, is engaged in the design and construction of coal preparation plants and equipment.

Great West Steel is involved in the design, fabrication and erection of structural steel, open web steel joists and heat exchangers for the construction and resource industries. It has plants at New Westminster, Calgary, Edmonton and Saskatoon.



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**GREAT
WEST
STEEL
INDUSTRIES
LTD.**

INTERIM REPORT TO SHAREHOLDERS
for the six months ended June 30, 1972

EXECUTIVE OFFICES:
1060 One Bental Centre
Vancouver, B.C.

MONTREAL, TORONTO, WINNIPEG,
EDMONTON, CALGARY, SASKATOON,
NEW WESTMINSTER

CHESTERFIELD, ENGLAND

SEATTLE, WASHINGTON

president's report to the shareholders.

OPERATING RESULTS AND OUTLOOK

We are pleased to report favourable progress in the first six months of 1972 despite non-recurring expenses associated with Anthes Steel Products Ltd. acquired November 1, 1971 and the effect of the fourteen week British Columbia Construction Industry strikes and lock-outs.

Sales increased to \$12,740,000 from \$8,373,000. Earnings from operations increased to \$1,095,000 compared to \$804,000. Net earnings before extraordinary expenses increased to \$324,000 from \$247,000. Net earnings after extraordinary expenses decreased to \$192,000 from \$247,000.

Based on 1,702,495 shares outstanding at the end of the period, net earnings per share before extraordinary expenses for the first six months of 1972 amounted to 19¢ compared to 14½¢ for the same period last year. Net earnings per share after extraordinary expenses for the same comparative period amounted to 11¢ and 14½¢ respectively.

Extraordinary expenses charged to the first six month period in the amount of \$132,000, net of income taxes, are planned non-recurring expenses associated with the "turning around" of Anthes and the loss of contribution to fixed costs resulting from the B.C. Construction Industry lock-out, which was not anticipated.

Our Vancouver joist operations during the general construction shut-down produced for export sales only, and at a level insufficient to counteract the loss of production in the domestic market.

While Anthes is now a profitable operation and should therefore contribute moderately to net earnings for the balance of this year, we do not expect to obtain standard margins until the two Toronto manufacturing plants are consolidated into one, around the second quarter of next year, thereby reducing related fixed costs and effecting economies of scale to achieve margins consistent with our other joist operations. We expect further non-recurring expenses in Anthes of approximately \$86,000, net of income taxes, during the second half of 1972.

We reported in our first quarter interim report expectations of a busy second half after a relatively slow first half, which is normal. This expected high level of sales activity is now assured since sales order backlogs are at the highest level in the Company's short history. Gross margins appear normal and as a

result net earnings before extraordinary expenses should be close to our original expectations. We again wish to emphasize that the results for the first half of our fiscal year are not representative of the total year as traditionally the last half of the year yields greater sales and increased earnings in real and percentage terms due to seasonal influences in both the natural resource and construction industries.

FINANCING

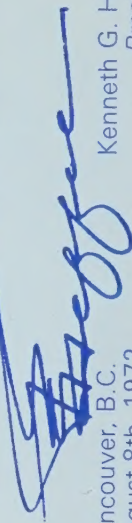
On April 27, 1972 the Company's \$1,500,000, 8½% Convertible Sinking Fund Debentures, Series A, were called for redemption. Subsequent to the call and before June 1, 1972, \$1,421,500 of the principal amount of these debentures was converted into 255,870 common shares and the remaining \$78,500 principal amount was redeemed. As a result 1,702,495 common shares of the Company are now outstanding. On June 15, 1972 the Company issued \$6,000,000 principal amount of 8½% Sinking Fund Debentures, 1972 Series, with warrants attached entitling the bearer to purchase 50 common shares of the Company for each \$1,000 principal amount. The warrants are exercisable for a period of five years at the price of \$8.50 per share and at \$10.00 per share for a further five years.

The estimated net proceeds to the Company from this issue are approximately \$5,715,000. These proceeds were used or will be used as follows:

1. \$2,200,000 for the planned expansion of our joist manufacturing facilities in the western United States, scheduled for 1973.
2. \$500,000 for the completion of planned 1972 capital expenditures in Toronto and Saskatoon.
3. \$2,100,000 for the reduction of bank interim indebtedness resulting from the acquisition of Anthes.
4. \$78,500 for the redemption of the Series A Debentures not converted to common shares.
5. balance of \$836,500 for increased working capital.

FUTURE DEVELOPMENTS

To supplement its main product, open web steel joists, which are standardized light weight modular components used as supports in floor and roof framing systems, your Company is proceeding with plans to manufacture architectural steel sandwich panels, steel exterior modular wall systems and steel modular buildings. Since on-site construction costs are rising at a faster rate than in-plant costs and automation is easier to effect in a manufacturing plant than on a construction site, the long term benefit of this future development should be significant.



Vancouver, B.C.
Kenneth G. Heffel,
President.
August 8th, 1972.

great west steel industries ltd.

CONSOLIDATED STATEMENT OF EARNINGS for the six months ended June 30, 1972 (Unaudited)

	1972	1971
	(thousands of dollars)	
Sales	\$12,740	\$8,373
Earnings from operations	1,095	804
Depreciation	210	131
Interest on Long Term Debt	185	99
Other interest	76	100
Earnings before extraordinary expenses	\$ 624	\$ 474
Provision for income taxes	300	237
Net earnings before extraordinary expenses	\$ 324	\$ 247
Extraordinary expenses:		
a) Toronto Rationalization	\$115	
b) British Columbia Construction Industry lock-out	148	
Less applicable taxes	263	
	131	
	\$ 192	\$ 247

Earnings per common share based on 1,702,495 shares outstanding at end of current period

Before Extraordinary Expense	19¢	14½¢
After Extraordinary expense	11¢	14½¢

AR32

DIRECTORS

Kenneth G. Heffel — President
Vancouver, B.C.

Bernhard L. Diefenbach — Vice-President
Edmonton, Alberta

Ian L. Hamilton — Vice-President
Vancouver, B.C.

Michael P. Pick
Toronto, Ontario

Michael L. Galper
Toronto, Ontario

George B. Bogdanow — Vice-President
Vancouver, B.C.

Gunter K. Diefenbach — Vice-President
Edmonton, Alberta

Gerry Dobbs — Vice-President
Calgary, Alberta

D. Scott Kennedy — Vice-President
Vancouver, B.C.

EXECUTIVE OFFICES
425 Two Bental Centre
Vancouver, B.C.



GREAT WEST STEEL INDUSTRIES LTD.

NEW WESTMINSTER EDMONTON
CALGARY SASKATOON
WINNIPEG

INTERIM REPORT TO SHAREHOLDERS
for the six months ended June 30, 1971.

president's report to the shareholders.

great west steel industries ltd.

On behalf of the Board of Directors, it is a pleasure to welcome our many new shareholders in this first report on operations since the successful completion of our public financing on June 15, 1971. It is our intention to keep shareholders fully informed of Company activities through the publication of quarterly reports on operations and prompt announcement of any new developments as they occur.

We consider it appropriate in this first report to acquaint you with our goals, so as to provide you with a conceptual framework to better understand the past and anticipated future growth of your Company and to measure performance. Your management directs all corporate resources, in terms of people, expertise and financial, toward the development of highly engineered products or services related to the construction and natural resource industries. Emphasis is placed on products or services of a proprietary nature. Regional expansion or acquisitions are only undertaken within the foregoing concept.

We are pleased to report continued progress in the first six months of 1971. In comparison with the similar period a year ago, sales advanced by 15% to \$8,373,000, earnings from operations rose 34% to \$803,000, and net earnings were increased by 11% to \$247,000, despite an almost doubling in depreciation and financial expenses. Based on the average number of shares outstanding during the period, net earnings amounted to 21.5¢ per share and on the presently outstanding shares 17.1¢.

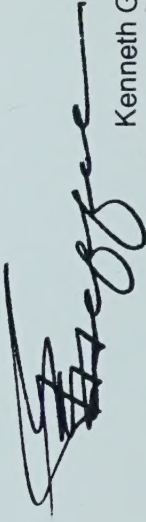
Start-up and other expenses associated with the formation of our Coal Science and Minerals Testing Division were fully expensed in this period. We should emphasize that the results for the first six months of our fiscal year are not representative of the total year, as traditionally the final half

produces greater sales and increased earnings in real and percentage terms. This is caused by the seasonal influences in both the construction and natural resource industries. Results to date are in line with budget forecasts and based on the existing order backlog the profit objective established at the first of the year should be achieved.

Your Company is in a strong financial condition, both in terms of working capital and long term capital base, which provides the liquidity to capitalize on the business growth that we foresee. We have been conducting studies toward new marketing areas for our open-web steel joist and heat exchanger products and you will be advised promptly when plans are finalized.

Finally, we are very happy to announce that, subject to completion of legal formalities, we have entered into an agreement to acquire Birtley Engineering Limited, a United Kingdom based Company serving world markets in the coal and other minerals industries. This proposed major acquisition will greatly enforce the personnel, facilities and world-wide recognition of our Coal Science and Minerals Testing Division.

Birtley Engineering offers full integrated engineering services covering blending and control systems, automatic sampling, vibrators and centrifuges and effluent treatment plants. Birtley's expertise and experience is supported by licensing agreements, patents, and rights for equipment and processes for coal and other minerals. This acquisition will be completed for cash, without share dilution.



Kenneth G. Heffel,
President

CONSOLIDATED STATEMENT OF EARNINGS (UNAUDITED) For the 6 months ended June 30, 1971

Sales	(000's omitted)
Earnings from operations	\$8,373
Depreciation	803
Interest on long-term debt	131
Other interest expense	99
Other income	100
	(1)
Earnings before income taxes	474
Provision for income taxes	227
Net Earnings	\$ 247

Earnings per common share	21.5¢
Average number of shares outstanding	17.1¢
Outstanding end of period	

great west steel industries ltd.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

for the six months ended June 30, 1975

(Unaudited)

	1975	1974
	(thousands of dollars)	
SOURCE		
Current Operations	\$ 1,765	\$ 1,665
Long Term Debt	56	—
Sale of Fixed Assets	1,558	—
— net of extraordinary gain	3,379	1,665
USE		
Investment in GWS-K	1,060	—
Fixed Asset Addition	465	347
Deferred Costs	313	174
Long Term Debt Retirement	52	568
Changes in Deferred Income Taxes Payable in Current Period	533	—
Other	—	3
INCREASE IN WORKING CAPITAL	2,423	1,092
*WORKING CAPITAL	956	573
— Beginning of Period	8,861	5,934
*WORKING CAPITAL - End of Period	9,817	6,507

* Including Current Portion of Deferred Income Tax

Signed on Behalf of the Board
K. G. HEFFEL, Director
G. B. BOGDANOW, Director

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EXECUTIVE OFFICES:

1060 One Bentall Centre

Vancouver, B.C.

MONTREAL, TORONTO

EDMONTON, CALGARY, SASKATOON

NEW WESTMINSTER, RICHMOND

CHESTERFIELD, ENGLAND

GLASGOW, SCOTLAND

SEATTLE, DETROIT, LOS ANGELES

SALT LAKE CITY



GREAT WEST STEEL INDUSTRIES LTD.

INTERIM REPORT TO THE SHAREHOLDERS
for the six months ended June 30, 1975

President's Report to the shareholders.

great west steel industries ltd.

CONSOLIDATED STATEMENT OF EARNINGS for the six months ended June 30, 1975 (Unaudited)

	1975	1974
	(thousands of dollars)	
Sales	\$33,220	\$27,332
Earnings from Operations	3,013	2,892
Depreciation and Amortization	479	401
Interest on Long Term Debt (including amortized discount of \$11)	401	459
Other Interest Expense	655	530
Earnings Before Income Taxes and Extraordinary Gains	1,478	1,502
Provision for Income Taxes	631	735
Net Earnings Before Extraordinary Gains	847	767
Extraordinary Gains Net of Income Tax (\$22,000)	428	—
Net Earnings	1,275	767

Earnings per common share based on 1,702,495 shares outstanding at the end of the periods

— Before Extraordinary Gains 50c
— Net Earnings 75c

The Consolidated Statements as shown included the Accounts of the following subsidiary and associated companies:

Atlas Construction & Crane Service Ltd.
Great West Steel Industries (Alta) Ltd.
Great West Steel Industries (Sask) Ltd.
Great West Steel Industries Inc.
Wallclad Products Ltd.
Wallclad Manufacturing Co. Ltd.
International Brick & Tile Ltd.
Birtley Engineering Limited
Birtley Engineering (Canada) Ltd.
Birtley Engineering Inc.
Pine Pass Development Ltd.
Taskmaster Computing Systems Ltd.
GWS Krupp Industries Ltd.
Bimac Engineering & Chemicals Limited

Birtley U.K. will continue its present international scope of operations.

Birtley Engineering Inc. of Denver, Salt Lake City and Detroit, U.S.A. and Birtley Engineering (Canada) Ltd. of Calgary, Alberta will continue to serve the North American energy market as wholly owned subsidiaries of Great West Steel Industries Ltd.

RASHID-GWS LTD.

On August 1, 1975 the company entered into a preliminary agreement with Rashid Construction and General Transportation Company of Abu Dhabi, United Arab Emirates, to incorporate a jointly owned limited liability company under the name of Rashid-GWS Ltd. for the purpose of engaging in all facets of the construction industry in the United Arab Emirates. Final agreements are subject to the approval of the boards of directors of both companies.

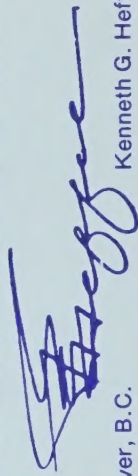
ELECTION OF ADDITIONAL DIRECTORS

On July 24, 1975, the following additional directors have been elected to the company's Board of Directors: DR. DIETRICH FISCHER of Rheinhausen, of the Federal Republic of Germany. Dr. Fischer is a member of the Executive Board of Fried. Krupp GmbH, Krupp Industrie-und Stahlbau of Rheinhausen of the Federal Republic of Germany.

MR. JOHN D. WILSON of Vancouver, B.C. Mr. Wilson is a Director of the Canada Trust Company as well as a number of other Canadian companies. He is President of the United Way for Greater Vancouver and is active in other community affairs.

MR. GEORGE C. HAMBLETON of Chesterfield, England. Mr. Hambleton is Managing Director of Birtley Engineering Limited, of Chesterfield and Glasgow, U.K.

DR. GERARD NORTON of Vancouver, B.C. Dr. Norton, as Vice-President, Resource Engineering of GWS, is responsible for the operations of Birtley Engineering (Canada) Ltd., and Birtley Engineering Inc.



Vancouver, B.C.
August 11, 1975
Kenneth G. Heffel
President

All locations of Great West Steel Industries Ltd. continued to operate at high levels of activity during the first half of 1975. Sales increased to \$33,220,000 from \$27,332,000 last year, an increase of 22%. Net earnings before extraordinary gains increased to \$847,000 compared to \$767,000 last year, an increase of 10.4%. Extraordinary gains net of income tax amounted to \$428,000. These resulted largely from the completion of the Krupp transaction referred to later in this report. There were no extraordinary items during this same period last year. Total net earnings after extraordinary gains amounted to \$1,275,000. In spite of the general weakness in the North American economies, we expect a continuation of satisfactory earnings for the remainder of this year.

GWS KRUPP INDUSTRIES LTD.

During the second quarter formal approval was received from the Foreign Investment Review Agency for the formation of GWS Krupp Industries Ltd. of Edmonton, Alberta, a company equally owned by Great West Steel Industries Ltd. and Fried. Krupp GmbH, Krupp Industrie-und Stahlbau, of Rheinhausen, Federal Republic of Germany.

GWS Krupp Industries Ltd. was incorporated on Dec. 10, 1974 with the objectives of continuing the existing Edmonton steel operations and adding new complementary products, specifically bucketwheel excavators, bucketwheel reclaimers, stackers and conveyors. This equipment is used extensively in the extraction of natural resources such as coal, minerals and oil sands.

GWS AND SHELL LIMITED

Great West Steel Industries Ltd. and Shell Petroleum Company Limited of London, England have formed an equally owned company, GWS and Shell Limited, for the purpose of assessing, designing and developing coal based energy projects both for substantial coal properties owned by Shell and for other owners.

With effect from July 1, 1975 GWS and Shell Ltd. has acquired from Great West Steel Industries Ltd. all the issued and outstanding shares of Birtley Engineering Limited, a United Kingdom company with offices in Chesterfield, England and Glasgow, Scotland. The transaction closed on July 8, 1975. Birtley U.K. is a long established leader in the field of coal design engineering, bulk materials handling and minerals testing.

great west steel industries ltd.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

for the six months ended June 30, 1976

(Unaudited)

SOURCE	1976	1975
	(Thousands of Dollars)	
Current operations	\$	\$ 1,495
Long term debt	408	56
Sale of other assets	251	
Sale of fixed assets, net of extraordinary gain	<u>37</u> <u>696</u>	<u>1,558</u> <u>3,109</u>

USE

Current operations	1,588	
Investment in GWS-K		1,060
Fixed asset additions	1,340	465
Exploration, testing and development costs on coal properties	21	43
Long term debt retirement	488	52
Other assets purchased	50	
Discontinuance of operations	1,751	
Deferred income taxes	<u>5,238</u>	<u>533</u> <u>2,153</u>
(DECREASE) INCREASE IN WORKING CAPITAL	(4,542)	956
WORKING CAPITAL — BEGINNING OF SIX MONTHS PERIOD *	<u>10,167</u>	<u>8,861</u>
WORKING CAPITAL — END OF SIX MONTHS PERIOD *	<u>5,625</u>	<u>9,817</u>

* Including Current Portion of Deferred Income Tax.

AR32



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MONTREAL, TORONTO
EDMONTON, CALGARY, SASKATOON
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GLASGOW, SCOTLAND
SEATTLE, DETROIT
SALT LAKE CITY, LEXINGTON



GREAT WEST STEEL INDUSTRIES LTD.

INTERIM REPORT TO THE SHAREHOLDERS
For the six months ended June 30, 1976

president's report to the shareholders.

Consolidated sales to June 30, 1976 amounted to \$39,696,000. This compares to \$33,220,000 during the same period last year or an increase of 19.5%.

Net loss after provision for income tax but before extraordinary items was \$1,654,000 compared to net earnings of \$785,000 during the same period last year.

Extraordinary losses net of income tax amounted to \$1,957,000 compared to extraordinary gains of \$428,000 during the same period last year.

The Company's unsatisfactory performance for the first half of 1976 stemmed principally from an extremely low level of activity in the construction industry resulting in depressed prices. This coincided with significant and accelerating expenditures in areas of diversification which failed to produce anticipated profits.

Failure of the Company to respond to these problems sooner has resulted in major senior management changes. The Company is now emphasizing activities and markets where it has acknowledged expertise and a proven record. Consistent with this, action has been taken to withdraw from high risk development projects which have no record of positive performance, to scale down specific operations, and to reduce product lines by eliminating products which have no proven earnings potential.

In July, the steel fabricating and joist plant in Fontana, California was closed. This operation has been continuously unprofitable due to local market conditions.

The Company has terminated its activities in the Taskmaster computer operations because the nature and scope of this program has proven too ambitious and costly. Certain specific programs relating to internal operations have been retained.

The Company has made a change in accounting policy to include all research and development and start-up costs as period costs. The figures for 1975 have been re-stated accordingly. In conformity with this change, start-up costs

applicable to the Middle East project were expensed during the second quarter. Furthermore, the valuation of assets being held for sale were analyzed and provisions for write down made where book values were found to potentially be in excess of market values.

The last half of 1976 indicates a significant improvement, with an early return to profitability. We expect this trend to accelerate into 1977 and are optimistic for the immediate and long range future.



Vancouver, B.C.
August 20, 1976

H.A. Magee
President

The Consolidated Statements as shown include the Accounts of the following subsidiary and associated companies:

Atlas Construction & Crane Service Ltd.
Great West Steel Industries (Alta) Ltd.
Great West Steel Industries (Sask) Ltd.
Great West Steel Industries Inc.
Wallclad Products Ltd.
Wallclad Manufacturing Co. Ltd.
International Brick & Tile Ltd.
Birtley Engineering Limited
Birtley Engineering (Canada) Ltd.
Birtley Engineering Corporation
Pine Pass Development Ltd.
GWS Krupp Industries Ltd.
Bimac Engineering & Chemicals Limited
Associated Engineering Services Ltd.
Super Crane & Rigging Ltd.
Bates Agencies Ltd.
GWS and Shell Limited

great west steel industries ltd.

CONSOLIDATED STATEMENT OF EARNINGS for the six months ended June 30, 1976 (Unaudited)

	1976	1975
	(Thousands of Dollars)	
Sales	\$ 39,696	\$ 33,220
(Loss) Earnings from Operations	(504)	2,743
Depreciation and amortization	607	395
Interest on Long Term Debt	481	390
Other Interest Expense	738	655
(Loss) Earnings Before Income Taxes and Extraordinary Items	(2,330)	1,303
Provision for (Recovery of) Income Taxes	(676)	518
(Loss) Net Earnings Before Extraordinary Items	(1,654)	785
Extraordinary Items Net of Income Tax	(1,957)	428
(Loss) Net Earnings	(3,611)	1,213

(Loss) Earnings per Common Share Based on 1,902,495 (1975 — 1,702,495) Shares Outstanding at the end of the Periods.

— Before Extraordinary Items (87c) 46c
— (Loss) Net Earnings (\$1.90) 71c

Signed on behalf of the Board
H.A. MAGEE, Director
M.G. SCHWEITZER, Director

NOTE: The figures for 1975 have been restated in conformity with the change in accounting policy treating all research and development and start-up costs as period costs. The change has resulted in a charge against retained earnings as at June 30, 1976 of \$1,020,000 net of \$363,000 of deferred income taxes.

**great
west
steel
industries
ltd.**

**CONSOLIDATED STATEMENT OF CHANGES
IN FINANCIAL POSITION**

for the six months ended June 30, 1977
(Unaudited)

	1977	1976
(Thousands of Dollars)		
SOURCE		
Long Term Debt	\$ 600	\$ 408
Sale of fixed assets	14	37
Sale of other assets	5	251
Extraordinary item		58
	<u>619</u>	<u>754</u>

USE		
Current operations	440	3,397
Fixed asset, additions	300	1,340
Long term debt retired	69	488
Exploration, testing and development costs on coal properties	26	21
Other assets purchased	<u>835</u>	<u>5,296</u>

(DECREASE) IN WORKING CAPITAL	(216)	(4,542)
WORKING CAPITAL — BEGINNING OF SIX MONTH PERIOD *	<u>6,202</u>	<u>10,167</u>
WORKING CAPITAL — END OF SIX MONTH PERIOD *	<u>5,986</u>	<u>5,625</u>

* Including Current Portion of Deferred Income Tax

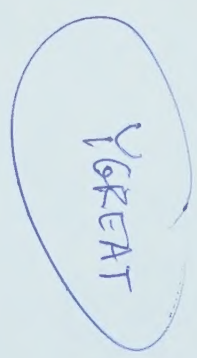


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SEATTLE



**GREAT
WEST
STEEL
INDUSTRIES
LTD.**

INTERIM REPORT TO THE SHAREHOLDERS
For the six months ended June 30, 1977

president's report to the shareholders.

great west steel industries ltd.

The results of the 2nd quarter of 1977 continue to reflect a rapid recovery from the major loss trend of the past two years. A loss of \$194,000 was incurred during this quarter as compared to a loss of \$2,580,000 in the similar period in 1976.

Sales for the six month period dropped from \$39,696,000 in 1976 to \$22,726,000 in 1977 as a result of the disposition of several major operations.

Although the Western Canadian market is still below existing structural steel fabricating capacities, Great West Steel plants have shown steady improvement in the past quarter, with management efficiencies taking effect. In addition, significant progress has been made in reducing the administrative and financial overheads of the Company.

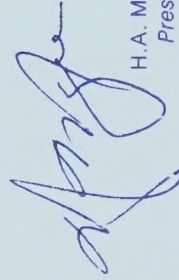
The crane rental operations are predicting steady and profitable performance for the next six months.

Birtley Engineering (Canada) Ltd. is active in its coal testing operation in Calgary with encouraging prospects for the next twelve months.

Both GWS-Krupp and Birtley Engineering Limited, U.K., our 50% joint venture affiliates, have excellent backlogs.

Satisfactory progress is being made in the program to reduce the assets for disposal. An agreement has been reached to sell the U.S. operations of Birtley Engineering Corporation to Sverdrup & Parcel and Associates, Inc., St. Louis. We look forward to a long and interesting relationship with this progressive firm.

The major restructuring program of Great West Steel is essentially complete. We are optimistic about the future.



Vancouver, B.C.
August 22, 1977

H.A. Magee
President

CONSOLIDATED STATEMENT OF EARNINGS

for the six months ended June 30, 1977

(Unaudited)

Three mos. ended June 30
1977 1976 1977 1976

(Thousands of Dollars)

SALES

Earnings (Loss) from operations

Interest on long term debt

Other interest expense

Depreciation and amortization

(Loss) before income taxes and extraordinary items

Recovery of income taxes

(Loss) before extraordinary items

Extraordinary items net of income taxes

(Loss)

(Loss) per common share

— before extraordinary items

— loss

Comparative figures include results of certain operations discontinued in 1976.

Signed on behalf of the Board

H.A. MAGEE, Director

M.G. SCHWEITZER, Director

great west steel industries ltd.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

for the six months ended June 30, 1978
(Unaudited)

	1978	1977
	(Thousands of dollars)	
SOURCE	\$	\$
Current operations	270	
Term Bank Advances Reclassified	9	
Sale of Fixed Assets	25	14
Sale of Other Assets	6	5
Sale of Assets of Discontinued Operations	10	
	<u>320</u>	<u>19</u>

USE

Current Operations		290
Fixed Asset Additions	220	155
Long Term Debt Retired	146	69
Payments Relating to Discontinued Operations	19	
Exploration, Testing and Development Costs on Coal Properties	<u>385</u>	<u>26</u>
		<u>540</u>

(DECREASE) IN WORKING CAPITAL	(65)	(521)
WORKING CAPITAL — BEGINNING OF SIX MONTH PERIOD *	<u>2,295</u>	<u>98</u>
WORKING CAPITAL — END OF SIX MONTH PERIOD *	<u>2,230</u>	<u>(423)</u>

* Including Current Portion of Deferred Income Tax

AR32



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1060 One Bentall Centre
Vancouver, B. C.

EDMONTON
CALGARY, SASKATOON
NEW WESTMINSTER

CHESTERFIELD, ENGLAND
GLASGOW, SCOTLAND

SEATTLE



GREAT WEST STEEL INDUSTRIES LTD.

INTERIM REPORT TO THE SHAREHOLDERS
For the six months ended June 30, 1978

president's report to the shareholders.

**great
west
steel
industries
ltd.**

In spite of the continuing depressed markets in Western Canada for fabricated structural steel, sales of the continuing operations of the Company during the first six months of 1978 increased to \$14,541,000 compared to \$13,141,000 for the same period in 1977. Earnings of \$44,000 were realized compared to losses of \$514,000 for the same six months period in 1977. This trend is encouraging and is expected to continue. Sales backlogs have improved considerably.

On May 25, the Company reached an agreement to sell its 50% of the shares of GWS Krupp Industries Ltd., Edmonton to Fried. Krupp GmbH, Krupp Industrie- und Stahlbau, West Germany. This transaction closed July 27, 1978. Great West Steel Industries Ltd. will retain the joist manufacturing and marketing activities in Edmonton and plans have been announced to build a new \$3 million plant for joist production and structural steel fabrication.

The Company also recently announced plans to construct at Edmonton a new \$1 million service facility to accommodate the Atlas Construction & Crane Service Division.

Despite considerable labour unrest in the construction industry in Alberta and Saskatchewan, the Company has amicably settled satisfactory labour contracts at each of the operating plants.

Vancouver, B.C.
August 16, 1978

H.A. Magee
President

The Consolidated Statements as shown include the Accounts of the following subsidiary companies:

Atlas Construction & Crane Service Ltd.
Great West Steel Industries (Alta.) Ltd.
Great West Steel Industries (Sask.) Ltd.
Great West Steel Industries Inc.
Great West Industries (Alta.) 1976 Ltd.
Wallclad Products Ltd.
Wallclad Manufacturing Co. Ltd.
Birtley Engineering (Canada) Ltd.
GWS Engineering Inc.
Super Crane & Rigging Ltd.
Bates Agencies Ltd.

CONSOLIDATED STATEMENT OF EARNINGS for the six months ended June 30, 1978 (Unaudited)

	Three mos. ended June 30		Six mos. ended June 30	
	1978	1977	1978	1977
	(Thousands of Dollars)			
	\$	\$	\$	\$
Sales	8,509	6,610	14,541	13,141
Continuing Operations	32	399	112	1,762
Discontinued Operations	8,541	7,009	14,653	14,903
Earnings from Continuing Operations	576	205	687	258
Earnings (Loss) from Discontinued Operations	—	—	—	—
Earnings from Operations	576	205	687	258
Interest on Long Term Debt	118	190	238	315
Other Interest Expense	171	54	177	233
Depreciation & Amortization	127	119	228	224
Earnings (Loss) before Income Taxes and Extraordinary Item	416	363	643	772
Provision for Income Taxes	160	(158)	44	(514)
Earnings (Loss) before Extraordinary Item	74	—	21	—
Extraordinary Item (Income Taxes Recovered)	86	(158)	23	(514)
Earnings (Loss) for Period	74	—	21	—
Earnings (Loss) per Common Share Before Extraordinary Item	160	(158)	44	(514)
Net Earnings (Loss)	4c	(8c)	1c	(27c)
	8c	(8c)	2c	(27c)

NOTE: Comparative figures have been restated to conform with presentation used in the current year, resulting in a decrease in the 1977 loss of \$183,000 (10c per common share).

Signed on behalf of the Board
H.A. MAGEE, Director
M.G. SCHWEITZER, Director